

## Record of the second session of tripartite talks on the Suez Crisis (London, 29 July 1956)

**Caption:** From 29 July to 2 August 1956, tripartite talks are held in London to establish a common position on the nationalisation of the Suez Canal Company. At the second session on 29 July, the US, British and French delegations focus more specifically on the question of Israel's role in the Suez Crisis and the attitude of the Soviet Union and the Commonwealth countries. They also discuss the adoption of practical measures, such as the freezing of Egyptian assets.

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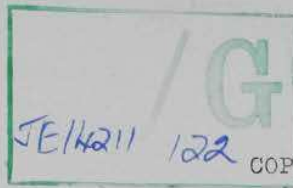
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Nationalisation of the Suez Canal

Tripartite Talks between the French, United Kingdom and  
United States Delegations

Record of the 2nd Meeting held at No. 1 Carlton Gardens,  
London, S.W.1., on Sunday July 29, 1956, at 9.30 p.m.

Delegations were headed by

France

United Kingdom

United States

M. Pineau

Secretary of State

Mr. Robert Murphy

Foreign Office, S.W.1.

July 31, 1956.

JIS 1421/22

Record of Meeting held at 1, Carlton Gardens at 9.30 p.m.  
on July 29, 1956

The Foreign Secretary asked the conference to consider the following four problems:

- (i) The Arab-Israel dispute.
- (ii) Russian reactions to the seizure of the Canal.
- (iii) Commonwealth reactions.
- (iv) Practical steps which could be taken.

M. Pineau said that Israel would have to play a part if we had to take drastic measures in the future. The Arab-Israel problem should be kept separate from the immediate considerations, but the Israeli factor would inevitably arise later.

It was agreed that in any publicity it should be stated that the present crisis was separate from the Arab-Israel problem.

The Foreign Secretary said he had been in touch with Nuri es Said, the Prime Minister of Iraq, earlier in the day. Nuri's advice had been that all would be well provided that:

- (i) The three powers remained united.
- (ii) Israel was not involved in any Tripartite action.

M. Pineau said that while his first reaction in the crisis had been to make use of Israel he was now convinced that this would not be wise at the present stage. He pointed out that a large part of the Egyptian forces were on the Israeli border and that this was an important factor in any future planning.

The question of arms supplies was then discussed. The Foreign Secretary, referring to the suggestion that the French Government should supply 24 more Mystères to Israel said it was most important that no decisions on arms deliveries should be regarded as Tripartite by the outside world.

Mr. Murphy said that any indication that we intended to arm Israel would play into Nasser's hands. M. Pineau agreed with this but expressed regret that the United States Government had sent a note to Canada telling them not to deliver F 86 fighters to Israel.

Mr. Murphy explained that what in fact had happened was that, before the Canal Crisis, his Government had sent a note to the Canadian Government urging them to make these deliveries, but since the crisis had given them an oral indication that it would be unwise to make the deliveries immediately. In the case of any future supplies of arms to Israel timing was most important. It was agreed in further discussion that any deliveries promised or started should be carried out without undue delay. These deliveries should be given no publicity.

The Foreign Secretary said that we had stopped all deliveries of arms to Egypt. M. Pineau mentioned that 30 tanks had been delivered, but they had no ammunition.

Soviet reaction

M. Pineau said that while we could not forecast, nevertheless it was certain that the longer we waited the stronger the Russian reaction was likely to be. He explained that the Russians and Egyptian had not yet reached complete agreement on a common policy. This would presumably be discussed during Nasser's /forthcoming

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forthcoming visit to Moscow. It was important that we should take our decision on the Canal before the Russians and Egyptians reached agreement.

The Foreign Secretary said that during the recent visit of Bulganin and Khrushchev to the United Kingdom Her Majesty's Government had gone some way to convince them that any disturbance in the Middle East might lead to war. It was for consideration whether we should indicate to the Russians that we wished to solve this problem internationally and would not object to them playing their part. It would not be the intention to invite them to the Conference of Maritime Powers. The Foreign Secretary stated that he had not yet discussed this with his colleagues. M. Pineau and Mr. Murphy agreed with the Foreign Secretary, who stressed that we did not wish to give the Russians an excuse for posing as the champions of the Arab world.

There was then some discussion on the basis on which nations should be invited to the Conference of Maritime Powers. It was suggested that Egyptian Government might be invited. If they were invited and then refused it would strengthen our position.

M. Pineau mentioned that Nasser was expected to visit Moscow on August 12. The Foreign Secretary said that we should give further consideration to playing the Russians along and should not take action which would force them into Nasser's camp from the beginning.

Mr. Murphy, speaking personally, thought this was the view of his Government.

#### Commonwealth reactions

The Foreign Secretary said that Canada favoured some sort of United Nations solution. Australia, South Africa and New Zealand favoured some idea on the lines we had been discussing. All were fully aware of the gravity of the situation. There was a meeting of Bagdad Pact representatives the next day, when it would be possible to find out the Pakistan reaction. India had been disturbed and Mr. Nehru was surprised and shocked. Ceylon was also seriously concerned because 80% of her trade went through the Canal.

At this point the Foreign Secretary read out a message that the Egyptian Government had banned all exports to Britain, unless paid for in the currency of a third country to which Egypt had access.

#### (a) Practical Steps to be taken.

##### Canal Company's assets.

Assets in France and Britain had been frozen, while the United States had taken no action. Mr. Murphy said that the Company's holdings in the United States were insignificant. In answer to a question he said that the pension fund amounted to slightly less than \$5,000,000 dollars. He stressed that his Government had not yet taken any decision on the problem. There was some discussion of the legal basis for our action.

/It

It was pointed out that in Article 3 of the Nationalisation Law all funds of the nationalised company not only in Egypt but also abroad were purported to be frozen. Egypt had no right to exercise control over assets which were under the jurisdiction of another Government. We had to protect the company's assets.

It was explained that by removing Egypt from the transferable account area we were bringing Egyptian assets, as opposed to the Canal Company's assets, under control. None of these assets could now be disposed of without our permission. In discussion the Foreign Secretary said that it would be advantageous if the United States were able to freeze the Company's assets.

The question of France freezing Egyptian assets in France did not arise as none existed.

(b) Payments of dues

The Foreign Secretary said that the Suez Canal Company had protected their own legal position by issuing orders that any payments should be made to their account. After a general discussion the Foreign Secretary said there appeared to be three alternatives:-

- (a) Shipping to be re-directed around the Cape of Good Hope.
- (b) Shipping to be kept waiting at both ends of the Canal.
- (c) Payment to be made without prejudice.

No instructions had yet been given the United Kingdom ship owners.

Mr. Murphy said that United States ship owners normally paid their dues in Egypt. The United States authorities would probably be most reluctant to alter this practice, which was continuing up to this moment. He could not say whether it would be possible to attach any reservation to these payments. The Foreign Secretary said this was the most immediate decision which had to be taken. He would like to know whether the United States Government had accepted the legality of expropriation. Her Majesty's Government had not accepted it as far as foreign assets were concerned. There were indications that other maritime nations were reserving their position.

M. Pineau said that if dues were paid to the Egyptians, in order to keep traffic moving, they must be paid without prejudice. Sir Leslie Rowan stressed that we had a full legal right to give our ship owners any instructions we wished. M. Pineau said that before discussing payment we should see what boycott measures might be possible. While expensive these might be worthwhile. He envisaged:

- (i) A complete blockade of Egyptian trade.
- (ii) A boycott of traffic through the Canal.

The Foreign Secretary stressed that it was important to keep traffic, particularly all traffic, moving through the Canal during the period before we took our final decision. It was agreed that we did not yet wish to divert traffic round the Cape. If this were to be done, this should be at a later stage. Mr. Murphy asked if an economic blockade were tantamount to an act of war. M. Pineau said it was no more so than the occupation of the Canal Zone.

/Sir Harold Caccia

Sir Harold Caccia pointed out that the Egyptian economy was such that its people could continue to live for a considerable time under a blockade. Its industry would be damaged, but this would not be an immediate mortal blow. The Foreign Secretary said that the blockade was a subsidiary measure. If we became involved in other measures a blockade would follow as a matter of course. M. Pineau said there were two immediate measures to be considered. These were:-

- (i) Payment of dues. There appeared to be no other immediate solution other than payment without prejudice.
- (ii) The Canal Company's personnel. They could not be advised to disobey the Egyptian Government, since this would land them in gaol. They might, however, all apply for permission to leave. Such permission would not be granted and the Egyptian Government would then be committing an act of force.

The Foreign Secretary said that there were 61 British pilots. If they were withdrawn, we might be accused of interfering with free passage through the Canal in violation of the Convention of 1888. On the other hand we could maintain that Nasser, (on his own admission) was only able to carry out the 1888 Convention by forcing employees to continue working under threat of imprisonment; this seemed a flagrant violation of human rights.

In discussion it was agreed that it would be possible to continue operating the Canal without pilots. Risks would be increased, but most Masters would be capable of taking their ships through on their own. It was finally agreed that Working Parties should be set up to:-

- (i) Submit ideas about a draft communiqué to be issued after the talks.
- (ii) To draft an invitation to a possible Conference of powers primarily interested in maintaining the freedom of navigation through the Canal.
- (iii) To consider further which countries should be invited to such a Conference.

It was also agreed that the following subjects required further consideration:-

- (i) The question of payment of dues.
- (ii) Whether fresh instructions should be sent to the employees of the Suez Canal Company.

The Foreign Secretary then indicated the lines on which the Press might be informed generally about the course of the discussions. There was no objection. The next plenary meeting was fixed for noon on July 30 to be continued at 3 p.m. on July 30.